

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES EXPLORATION,	)	
a Division of Equitable Resources	)	VIRGINIA GAS
Energy Company	)	AND OIL BOARD
	)	
RELIEF SOUGHT: MODIFICATION OF VIRGINIA GAS	)	DOCKET NO.
AND OIL BOARD ORDER IN VGOB	)	94-0816- <del>0467</del> and
DOCKET NO. 94-0517-0448 FOR THE	)	94-0816-0468
REPOOLING OF INTERESTS IN A	)	
DRILLING UNIT LOCATED IN THE	)	(Modification of
NORA COALBED GAS FIELD,	)	Board Order in VGOB
DESCRIBED IN EXHIBIT A HERETO	)	Docket No. 94-0517-0448
AND SERVED BY WELL NO.	)	Entered August 5, 1994,
VC-2966 (herein "Subject	)	and Recorded in Deed
Drilling Unit") PURSUANT TO	)	Book 302 at Page 512,
\$\$ 45.1-361.21 and 45.1-361.22,	)	Dickenson County,
CODE OF VIRGINIA, 1950 AS	)	Virginia (herein
AMENDED, FOR THE PRODUCTION	)	"Original Pooling
OF OCCLUDED NATURAL GAS	)	Order")
PRODUCED FROM COALBEDS AND	)	
ROCK STRATA ASSOCIATED THEREWITH	)	
(herein "Coalbed Methane Gas"	)	
or "Gas")	)	

LEGAL DESCRIPTION:

SUBJECT DRILLING UNIT SERVED BY WELL  
 NUMBERED VC-2966 (herein "Well") TO BE  
 DRILLED AT THE LOCATION DEPICTED ON  
 EXHIBIT A HERETO, J. H. POWERS COAL TRACT  
 DON K. OWENS OIL AND GAS TRACT,  
 DUTY QUADRANGLE,  
 ERVINTON MAGISTERIAL DISTRICT,  
 DICKENSON COUNTY, VIRGINIA (the "Subject  
 Lands" are more particularly described  
 on Exhibit "A", attached hereto and  
 made a part hereof)

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: These matters came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on August 16, 1994, Dickenson Conference Room, Southwest Virginia 4-H Education Center, Abingdon, Virginia. Applicant's Motion to Withdraw its Application in VGOB Docket No. 94-0816-0468 is granted without objection, and the Board heard its application in VGOB Docket No. 94-0816-0467.

2. Appearances: James E. Kaiser of Hunter, Smith & Davis appeared for the Applicant; Bonnie Powers Kiser appeared pro se to speak on behalf of Leonard Powers and Bonnie Kiser Powers; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board. Leonard Oscar Powers and Trulah Faye Powers filed a written appearance and Motion to Continue with the Board, which Motion is denied.

3. Jurisdiction and Notice: Pursuant to Va. Code § 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of potential owners, i.e., persons identified by Applicant as having or claiming the rights to coalbed Methane Gas in all Pennsylvanian Age coals from the top of the Raven formation, including all splits to the top of the red and green shales, including, but not limited to, Raven, Jawbone, Tiller, Upper Horsepen, Middle Horsepen, Lower Horsepen, War Creek, Beckley, Pocahontas No. 8, Pocahontas No. 4, Pocahontas No. 3, and Pocahontas No. 1, and any other unnamed coal seams, coalbeds and rock strata associated therewith (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands, and (2) has given notice to all parties so identified whose interests are being pooled or repooled pursuant to this Order (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22, to notice of this application; (3) that the persons set forth in Exhibit B hereto are persons identified by Applicant through its continued due diligence who may be claimants of Coalbed Methane Gas interests in Subject Formations, in the Subject Drilling Unit underlying and comprised of Subject Lands who (a) have not heretofore agreed to lease their interests to the Applicant and/or voluntarily pool their interests and (b) were either not named as parties in Exhibit B to the Original Pooling Order, or who were named as parties in the Original Pooling Order, but their interests in Subject Drilling Unit have been amended from that shown in Exhibit B of the Original Pooling Order (See Exhibit B hereto for the listing of parties whose interests are being pooled or repooled by this Order). Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Amendments: Exhibit B was amended to identify and name the Missouri I. Kiser Heirs as the record owners of the Gas underlying Tract 3 of Subject Drilling Unit. Exhibit B of the Original Pooling Order reflected that the Gas underlying Tract 3 of Subject Drilling Unit was owned by Leonard Oscar Powers and Trulah Powers, husband/wife; Bonnie Calhoun Powers Kiser and Edward H. Kiser, wife/husband; Theresa Edwards and Rick Edwards, wife/husband; Calvin Lee Powers, Jr. and Brenda Powers, husband/wife; and Lisa J. Powers, single. Through testimony given at the hearing of this matter, there appears to be a dispute as to the ownership of the Gas underlying Tract 3 of Subject Drilling Unit between those parties reflected as the owners in Exhibit B of the Original Pooling Order and/or appearing before the Board on June 21, 1994, and (2) those persons shown as the owners of the Gas underlying Tract 3 of Subject Drilling Unit on Exhibit B to this Modification Order. Therefore, pending a legal determination of ownership of said Gas, all such parties are being made Respondents to these proceedings.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that pursuant to Va. Code § 45.1-361.22, including the applicable portions of Va. Code § 45.1-361.21, the Board modify the Original Pooling Order to pool all the rights and interests in and to the Gas in Subject Drilling Unit, including the pooling of the interests of the known and unknown persons named in Exhibit B hereto with the interests of the persons heretofore named in the Original Pooling Order, but who are not named in Exhibit B hereto, and the pooling of the rights, interests and claims in and to the Gas in the Subject Drilling Unit, of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from the Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter

sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and (2) that the Board redesignate Equitable Resources Exploration as the Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted: (1) pursuant to Va. Code § 45.1-361.21.C.3, Equitable Resources Exploration (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate the Well in the Subject Drilling Unit, subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, to § 480-05-22.1 et seq., Gas and Oil Regulations and to § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, and to the Oil and Gas Conservation Board's Order entered March 20, 1989, establishing Drilling Units for the Nora Coalbed Gas Field in Dickenson, Wise, Russell and Buchanan Counties, Virginia, all as amended from time to time; and (2) all the rights and interests in and to the Gas in the Subject Drilling Unit, including those of the known and unknown persons listed on Exhibit B attached hereto and made a part hereof, as well as those heretofore named in the Original Pooling Order, but who are not listed in Exhibit B hereto, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formations</u>	<u>Subject Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All Pennsylvanian Age coals from the top of the Raven formation, including all splits to the top of the red and green shales, including, but not limited to, Raven, Jawbone, Upper Horsepen, Middle Horsepen, Lower Horsepen, War Creek, beckley, Pocahontas No. 8, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 1, and any other unnamed coal seams, coalbeds, and rock strata associated therewith	Approximately 58.77 acres	Well VC-2966 to be located as depicted on Exhibit A Depth: 2,300 feet	Nora Coalbed Gas Field	OGCB Order dated March 20, 1989, establishing Drilling Units for the Nora Coal Bed Gas Field in Dickenson, Wise, Russell, and Buchanan Counties, Virginia

For the Subject Drilling Unit  
underlying and comprised of the Subject  
Land referred to as:

Subject Unit Served by Well VC-2966  
Dickenson County, Virginia



8. Election and Election Period: In the event any gas or oil owner or claimant named in Exhibit B hereto, whose Gas interests are being pooled or repooled by this Order, does not reach a voluntary agreement to share in the operation of the well to be located in the Subject Drilling Unit at a rate of payment mutually agreed to by said gas or oil owner or claimant and the Operator, then such person named in Exhibit B hereto may elect one of the options set forth in Paragraph 9 below for which this interest qualifies and must give written notice of his election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed its written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any gas or oil owner or claimant pooled hereby, who does not reach a voluntary agreement with the Operator, may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 ("Completed-for-Production Costs"). Further, a Participating Operator agrees to pay his proportionate part of the Estimated, Completed-for-Production Costs set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The Estimated, Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs - \$197,200.00

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's Percentage Interest Within Unit times the costs stated immediately above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay his proportionate part of the Estimated, Completed-for-Production Costs, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and, subject to a final legal determination of ownership, to have accepted the cash bonus consideration in lieu of participation pursuant to Paragraph 9.2(a) hereof.

- 9.2 Option 2 - Receive a Cash Consideration from Operator: In lieu of participating in the development and operation of the Subject Drilling Unit under Paragraph 9.1 above, any gas or oil owner or claimant pooled hereunder who does not reach a voluntary agreement with the Operator may elect to sell or lease his Gas interests as follows:

- (a) Any gas or oil owner or claimant named in Exhibit B hereto may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of

production from the Subject Drilling Unit, and thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Coalbed Methane Gas produced from any well development covered by this Order multiplied by the gas or oil owner's or claimant's Percentage Interest Within Unit (for purposes of this Order, net proceeds shall be actual proceeds received less all post-production costs incurred downstream of the wellhead, including, but not limited to, all gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said gas or oil owner. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within sixty (60) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from the Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, subject to a final legal determination of ownership, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing gas or oil owner or claimant in and to the Gas produced from Subject Formation underlying the Subject Lands, except, however, for the 1/8th royalties due hereunder.

- b. Any gas or oil owner or claimant pooled hereunder may elect to sell his gas or oil ownership. Upon the tender of a timely election to sell, the electing party and the Operator shall enter into good faith negotiations to reach a mutually acceptable price for such interest. In the event that the electing party and the Operator are not able to agree upon a mutually acceptable price within fifteen (15) days after the election to sell is made, the electing party or the Respondent may: (1) request that the Board place the matter on its Docket for further proceedings with regard to said party's election to sell; or (2) provided the electing party does so within sixty (60) days from the date this Order is recorded in the County above-named, in lieu of electing to sell his/her Gas interests to the Operator, said electing party may elect one of the options set forth in Paragraphs 9.1, 9.2(a) or 9.3 hereof.

The election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign, subject to a final legal determination of ownership, his right, interests and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of the Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving the Cash Bonus Consideration under Paragraph 9.2(a) above, any gas or oil owner or claimant pooled hereby who does not reach a voluntary agreement with the Operator may elect to share in the development and operation of the Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the



proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from the Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims to the Gas in the Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from the Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the rights, interests, and claims of such electing person in any well development and operation covered hereby and, subject to a final legal determination of ownership, such electing person shall be deemed to have and hereby does assign his rights, interests and claims in the Gas produced from Subject Formations in the Subject Drilling Unit to the Applicant for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event a person named in Exhibit B hereto does not reach a voluntary agreement with the Operator and fails to elect within the time, in the manner and in accordance with the terms of this Order one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests and claims, the consideration provided in Paragraph 9.2 above, and shall be deemed to have leased and/or assigned all his right, interests and claims to the Gas produced from Subject Formation in Subject Drilling Unit to the Applicant. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the rights, interests, and claims of such person to the Gas produced from Subject Formation underlying Subject Lands.

11. Default By Participating Person: In the event a person pooled hereby elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus

consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests and claims of such person to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8 royalties which would become due pursuant to Paragraph 9.2(a) hereof.

12. Assignment of Interest: In the event a person pooled hereby is unable to reach a voluntary agreement to share in the operation of any well contemplated by this Order at a rate of payment agreed to mutually by said gas or oil owner or claimant and the Operator and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in the Subject Formations in the Subject Drilling Unit, then, subject to a final legal determination of ownership,, such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests and claims in and to said well, in the Subject Formations in Subject Drilling Unit, and other share in production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said election.

13. Unit Operator (or Operator): The Applicant, Equitable Resources Exploration, be and hereby is designated as Unit Operator authorized to drill and operate the well in Subject Formations in the Subject Drilling Unit, all subject to the permit provisions contained in Va. Code §§ 45.1-361.27 et seq., §§ 480-05-22.1 et seq., Gas and Oil Regulations and §§ 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, and the Gas and Oil Conservation Board's Order entered March 20, 1989, establishing drilling units for the Nora Coal Bed Gas Field in Dickenson, Wise, Russell and Buchanan Counties, Virginia, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Equitable Resources Exploration  
P. O. Box 1983  
1989 East Stone Drive  
Kingsport, TN 37662  
Phone: (615) 224-3800  
Fax: (615) 224-3892  
Atten: Dennis R. Baker, Regulatory

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) days from the date of the Original Pooling Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged unless sooner terminated by Order of the Board. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referenced to herein.

Upon completion of any Well whose costs comprise part of the estimated completed-for-production costs above and within ninety (90) days after production into the pipeline is obtained and restoration of the location is completed, the Operator shall file with the Board a revised exhibit reflecting the actual Completed-for-Production Costs for the Subject Drilling Unit.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas rights and interests owned by any person subject hereto who elects to participate under



Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation of the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain a lien until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank  
P. O. Box 909  
Tazewell, VA 24651  
(herein "Escrow Agent")

16.1 Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator, and pursuant to Va. Code § 45.1-361.21.D, said sums shall be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of the report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code § 45.1-361.21.D.

16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment of other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code §§ 45.1-361.22A.2, 45.1-361.22A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of the recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

- 17.1 Applicant is a division of Equitable Resources Energy Company, a corporation duly authorized to transact business in the Commonwealth of Virginia;
- 17.2 Applicant claims control of oil and gas and coalbed methane gas leasehold estates representing 44.58 percent of the gas and oil estate, and 100 percent of the coal estate for the acreage underlying the Subject Drilling Unit.



- 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.4 Applicant has proposed the drilling of one (1) well, Well VC-2966, to a depth of 2,300 feet on the Subject Drilling Unit to develop the Gas in Subject Formations. Applicant stipulated that no surface rights are required or sought on Tracts 2 and 3 of Subject Drilling Unit.
- 17.5 Respondents whose Gas interests are being pooled or repooled by this modification to the Original Pooling Order are listed on Exhibit "B". Included in Exhibit "B" are the names and last known addresses of each person identified by the Applicant as having or claiming a potential interest in the Coalbed Methane Gas in the Subject Drilling Unit underlying and comprised of Subject Lands who either were not heretofore named as a Respondent in the Original Pooling Order; or (2) who were named as a Respondent in the Original Pooling Order, but because of new title information, have had their acreage or division of interest amended from that reflected in the Original Pooling Order. Through testimony given at the hearing of this matter, there appears to be dispute as to the ownership of the Gas underlying Tract 3 of Subject Drilling Unit between (1) those persons reflected as the owners in Exhibit B of the Original Pooling Order and/or appearing before the Board on June 21, 1994, and (2) those persons identified by Applicant as the record owners of the Gas underlying Tract 3 of Subject Drilling Unit as shown on Exhibit B to this Modification Order. The Board is without jurisdiction to resolve this title dispute; therefore, pending a final legal determination of the ownership of the Gas underlying Subject Drilling Unit, all such parties are being made Respondents to these proceedings. The unleased interests of the Respondents listed in Exhibit B comprise 55.42 percent of the gas and oil interest in Subject Drilling Unit and none of the coal estate.
- 17.6 The estimated production over the life of the well is 300 million cubic feet.
- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above; and
- 17.8. A well work permit for Well VC-2966 has been filed with the Department of Mines, Minerals and Energy.
- 17.9 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production from the Subject Drilling Unit, subject to a final legal determination of ownership; and the granting of the Application and relief requested therein will ensure to the extent possible at this time the greatest ultimate recovery of coalbed methane gas, prevent or assist in preventing the various types of waste prohibited by statute, and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of

said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.

19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for the Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).

20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

21. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 19th day of September, 1994, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 19th day of September, 1994, by Order of this Board.

Byron Thomas Fulmer  
Byron Thomas Fulmer  
Principal Executive To The Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 19th day of September, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett  
Susan G. Garrett  
Notary Public

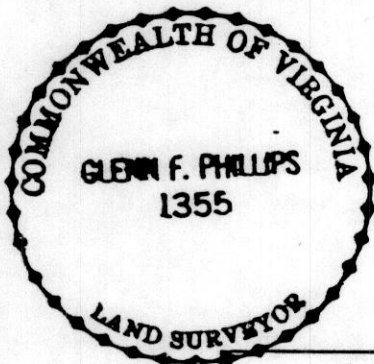
My commission expires 7/31/98

STATE OF VIRGINIA )  
COUNTY OF WASHINGTON )

Acknowledged on this 19th day of September, 1994, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis  
Diane J. Davis  
Notary Public

My commission expires 09/30/97



BOOK 304 PAGE 014

Latitude 37° 07' 30"

Longitude 82° 12' 30"

J. H. Powers  
1108.79 Acres  
Clinchfield Coal Company /  
Pyxis Resources Company - coal

Leonard Powers  
surface, oil & gas  
J. H. Powers  
1108.79 Acres  
Clinchfield Coal Company /  
Pyxis Resources Company - coal  
Gas 16.23 Ac. 27.61%

Tract #2

EREX Lease No. 241711L  
Don K. Owens -  
surface, oil & gas  
Gas 24.30 Ac. 41.35%

Tract #1  
N 61°35'33" W  
149.47'

Tract #3

S 33°15'36" E  
192.21'

VC-2966  
CBM

IP

Tract #4

Leonard Powers, et al  
surface, oil & gas  
41.87 Acres  
J. H. Powers  
1108.79 Acres  
Clinchfield Coal Company /  
Pyxis Resources Company - coal  
Gas 18.16 Ac. 30.90%

EREX Lease No. PO-148 / T-414  
S. D. Sutherland  
76.30 Acres  
Clinchfield Coal Company /  
Pyxis Resources Company - surface & coal  
Pine Mountain Oil & Gas, Inc. - oil & gas  
Gas 0.08 Ac. 0.14%

Well Coordinates: (VA St. Plane S. Zone,  
Calculated from CCC coordinates)  
N 297,732 E 914,216

Well Coordinates: (Clinchfield Coal Co.)  
S 2,793.87 E 46,630.10

Area of Unit = 58.77 Ac.

Well elevation determined by trigonometric  
leveling from monument Ashby

## WELL LOCATION PLAT

COMPANY Equitable Resources Exploration WELL NAME AND NUMBER VC-2966  
TRACT NO. 241711L ELEVATION 2073.56 QUADRANGLE Duty  
COUNTY Dickenson DISTRICT Ervinton SCALE 1" = 400' DATE 3-10-1994

This Plat is a new plat X; an updated plat       ; or a final location plat       

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

Licensed Professional Engineer or Licensed Land Surveyor



# EXHIBIT "B" 304 PAGE 015

## VC-2966

VGOB 94/08/16/0467

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Gas Estate Only</u>				
1	Don K. Owens and Kay R. Owens, H/W Box R Haysi, VA 24256 ✓	Leased - EREX 241711L-01	41.3500%	24.3000
2	Leonard Oscar Powers and Trulah F. Powers H/W P. O. Box 277 Weippe, ID 83553 ✓	Unleased	19.9405%	11.7217
	Bonnie Catherine Edwards Kiser and Edward H. Kiser W/H Star Route Box 65 Birchleaf, VA 24220 ✓	Unleased	3.0678%	1.8033
	Sandra Powers Strickfaden, Divorced 1511 Ninth Avenue Lewiston, ID 83501 ✓	Unleased	4.6017%	2.7050
3	<u>Missouri I. Kiser Heirs</u> William R. Kiser Heirs Florence Kiser, Widow <i>life estate</i> 1513 White Oak Court Martinsville, VA 24112	Unleased Life Estate	0.0000%	0.0000
	Jackson L. Kiser and Carole G. Kiser, H/W ✓ 1513 White Oak Court Martinsville, VA 24112	Unleased Remainderman	3.0900%	1.8160
	William R. Kiser Jr. and Nancy Kiser, H/W ✓ Foxfield Farm, Route 2 Box 370 Waynesboro, VA 22980	Unleased Remainderman	3.0900%	1.8160
	<u>Utah Kiser Heirs</u> Bessie Kiser, Widow Route 4 Box 398 Clintwood, VA 24228 ✓	Unleased	6.1800%	3.6320
	<u>Aubrey Kiser Heirs</u> Virginia Alta Kiser, Widow Star Route Box 35C ✓ Cleveland, VA 24225	Unleased	6.1800%	3.6320
	<u>Herbert S. Kiser Heirs</u> Roy Curtis Kiser and Virginia Kiser, H/W ✓ 4740 East Windstone Trail Cave Creek, AZ 85331	Unleased	3.0900%	1.8160

EXHIBIT "B"  
VC-2966

VGOB 94/08/16/0467

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Fred N. Kiser and Catherine Kiser, H/W Route 1 Box 2120 Rogersville, TN 37857 ✓	Leased - EREX 244789L-01	3.0900%	1.8160
	James Kiser Heirs Cartha Kiser, Widow 5722 Dunn Avenue Jacksonville, FL 32218 ✓	Unleased Life Estate	0.0000%	0.0000
	Alona Bailey and Robert Bailey, W/H 7530 Rondex Lane Lewisville, NC 27023 ✓	Unleased Remainderman	3.0900%	1.8160
	Teresa Chandler, Single 353 Jonestown Suite 126 Winston-Salem, NC 27104 ✓	Unleased Remainderman	3.0900%	1.8160
4	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 4000 Lebanon, VA 24266	Leased - EREX 241490L-01 T-414	0.1400%	0.0800
<b>TOTAL</b>			<b>100.00%</b>	<b>58.770</b>
	<b>Percentage of Unit Leased</b>		<b>44.58%</b>	
	<b>Percentage of Unit Unleased</b>		<b>55.42%</b>	
	<b>Acreage in Unit Leased</b>			<b>26.196</b>
	<b>Acreage in Unit Unleased</b>			<b>32.574</b>

**EXHIBIT "B" BOOK 304 PAGE 017**  
**VC-2966**

VGOB 94/08/16/0467

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Coal Estate Only</u>				
1,2, & 3	Clinchfield Coal Co. Attn: Paul Guild, Chief Engineer P. O. Box 7 Dante, VA 24237 Pyxis Resources Company Attn: Larry Cline, Property Mgr. P. O. Box 5100 Lebanon, VA 24266	Leased - EREX 241640L-01 PO #1042 T2C-233	99.86%	58.69
4	Clinchfield Coal Co. Attn: Paul Guild, Chief Engineer P. O. Box 7 Dante, VA 24237 Pyxis Resources Company Attn: Larry Cline, Property Mgr. P. O. Box 5100 Lebanon, VA 24266	Leased - EREX 241490L-01 PO #148 T-414	0.14%	0.08
<b>TOTAL</b>			<b>100.00%</b>	<b>58.77</b>
	<b>Percentage of Unit Leased</b>		<b>100.00%</b>	
	<b>Percentage of Unit Unleased</b>		<b>0.00%</b>	
	<b>Acreage in Unit Leased</b>			<b>58.77</b>
	<b>Acreage in Unit Unleased</b>			<b>0.00</b>

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, Sept. 28, 1994. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 11:59 o'clock AM, after payment of \$ \_\_\_\_\_ tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: JOE TATE, CLERK  
 BY [Signature] D. CLERK